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FM AMEMBASSY WARSAW  
TO RUEHC/SECSTATE WASHDC PRIORITY 2463  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY  
RUEHKW/AMCONSUL KRAKOW PRIORITY 1405  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
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STATE FOR S/P, EUR/NCE, EUR/ERA, EB/ESC  
S/P FOR GMANUEL AND SHELLMAN  
EUR/NCE FOR DKOSTELANCIK AND BPUTNEY  
EUR/ERA FOR DLIPPEAT AND LCATIPON  
EB/ESC FOR RGARVERICK AND SLEWANDOWSKI  
COMMERCE FOR 4232/ITA/MAC/EUR/JBURGESS, JKIMBALL, MWILSON  
COMMERCE FOR SFRASER  
TREASURY FOR MGAERTNER

E.O. 12958: N/A

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SUBJECT: POLAND FINALIZES GAS DEALS WITH ROSUKRENERGO AND  
GAZPROM

¶1. (U) Polish Oil and Gas Company PGNIG signed a contract with RosUkrEnergo for gas imports beginning January 1, 2007. The contract is for 2.5 BCM of gas per year for three years with the possibility of prolonging the deal for another two. The price is based on the price of oil derivative products on the global market. Poland's current contract with RosUkrEnergo will expire December 31. At current market prices, the contract is valued at 2 billion zloty (\$673 million).

¶2. (U) At the same time, PGNiG signed an annex to its 1996 Yamal gas contract with Gazprom. Sources indicate that the revised annex will increase gas prices on average 10 percent. Other contract conditions remain unchanged. At current market prices, the contract is valued at 6.7 billion zloty (\$2.2 billion).

¶3. (SBU) Comment: PGNiG's conclusion of a three year contract with RosUkrEnergo and addendum with Gazprom is good news for the GOP and Polish consumers. The contracts should ensure that gas will continue to flow on January 1 as the company's negotiations will not go down to the wire. The contracts also give the GOP breathing space as it attempts to negotiate other deals that will improve Poland's long-term energy security.  
ASHE